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JUJIANG CONSTRUCTION GROUP CO., LTD.



巨匠建設集團股份有限公司

(incorporated in the People's Republic of China with limited liability)
(Stock Code: 1459)

DISCLOSEABLE TRANSACTIONS IN RELATION TO THE ACQUISITION OF 80% EQUITY INTEREST IN THE TARGET COMPANIES

SHARE TRANSFER AGREEMENT

On 13 November 2018, the Company as purchaser and a third party as vendor entered into the Share Transfer Agreement, pursuant to which the Company agreed to acquire 80% of the Equity Interest in the Target Company from the Vendor at a cash consideration of RMB48,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the transactions contemplated under the Share Transfer Agreement calculated exceed 5% but less than 25%, the transactions constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under the Listing Rules.

Shareholders and investors should note that the Share Transfer Agreement is subject to various conditions as stated in the section headed "The Share Transfer Agreement - Conditions precedent" below and therefore the transactions contemplated there under may or may not be completed. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.

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THE SHARE TRANSFER AGREEMENT

Date 13 November 2018

Parties to the Share Transfer Agreement

- (a) the Company as purchaser; and
- (b) the Vendor, as vendor. The Vendor is merchant and citizen of the PRC.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Vendor is Independent Third Party and is not connected with the Company and its Connected Persons.

Assets to be acquired

The Equity Interest;

The sale shares represent 80% of the total registered capital of the Target Company.

Details of the business of the Target Companies have been disclosed in the paragraph headed "Information relating to the Target Company" below.

Consideration

The consideration for the acquisition of the Equity Interest is RMB48,000,000. Upon completion of the transaction, the Company will be paid to the Vendor in full in cash. The consideration will be provided by the internal resources of the Company.

The purchase price for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Share Transfer Agreements and by reference to (a) the net assets value of the Target Company as reflected in its unaudited accounts at RMB59,124,000 as at 30 September 2018; (b) the expected costs and expenses for the Acquisition; and (c) other factors set out in the paragraph headed "Information of the Group and reasons for entering into the Share Transfer Agreements" below.

Conditions precedent

Completion is subject to the fulfillment of, inter alia, the following conditions precedent:

- (a) the Company having completed the due diligence investigation on the legal, financial and business aspects of the Target Companies in relation to its structure, assets, liabilities, business and prospect and, with the Company's absolute discretion, is satisfied with the results of the due diligence investigation;
- (b) there were no material adverse changes in the business and operations of the Target Company;
- (c) the warranties by the Vendor set out in the Share Transfer Agreement remaining true and correct as at the Completion Date and as if repeated at all time between the date of the Share Transfer Agreement and the Completion Date; and
- (d) all approvals, consents, authorisations and licences in relation to the sale and purchase of the Equity Interest having been obtained from the relevant authorities of the PRC and the registration of the change of shareholders of the Target Companies by the relevant authority of the PRC having been duly completed.

If all the conditions specified above have not been satisfied by 31 December 2018 (or such later date to be agreed among the Vendor and the Company in writing), then the Share Transfer Agreement will lapse on 31 December 2018 and have no further effect and the parties thereto will be released from all their respective obligations under the Share Transfer Agreement (save to the clauses that survive its termination as provided for under the Share Transfer Agreement).

As at the date of this announcement, the conditions precedents specified in subparagraphs (a) and (c) above have been fulfilled.

Completion

Completion of the transactions contemplated under the Share Transfer Agreement will take place at the offices of the Company at 2:00 p.m. on the Completion Date or at such other place or time as may be agreed among the parties to the Share Transfer Agreement.

INFORMATION RELATING TO THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC and is principally engaged in the investment, development, construction and management of Tongxiang City Youth Quality Education Practice Base. The Target Company is a limited liability company with a registered capital of RMB 60,000,000 and has paid in full.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the summary of the financial figures of the Target Company for the financial years ended 31 December 2015, 2016 and 2017 extracted from their respective unaudited financial statements:

	For the year ended 31 December		
	2015	2016	2017
	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000
Total Assets	66,421.4	66,432.6	67,168.5
Net Assets	59,803.4	59,932.6	59,561.3
Revenue	-	-	-
Net losses before taxation	(78.6)	(106.8)	(253.3)
Net losses after taxation	(78.6)	(106.8)	(253.3)

INFORMATION OF THE GROUP AND REASONS FOR ENTERING INTO THE SHARE TRANSFER AGREEMENTS

The Group is principally engaged in construction contracting and design, survey and consultancy services.

In view of the Target Companies winning a Tongxiang City Youth Quality Education Practice Base PPP Project, the Board considered that, by acquiring the Equity Interest, the Group would be able to diversify the Group's business. In the meantime, it would help the Group to implement the strategy of "Quality Business" and provide the Group with accumulated experience and opportunities to explore more PPP Projects in the future, which will have a positive impact on the future development of the Group.

On this basis, the Directors consider that the terms of the Share Transfer Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios in respect of the transactions contemplated under the Share Transfer Agreement are higher than 5% but less than 25%, they constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under the Listing Rules.

GENERAL

Shareholders and investors should note that the Share Transfer Agreement are subject to various conditions as stated in the section headed “The Share Transfer Agreement–Conditions precedent” above and therefore the transactions contemplated there under may or may not be completed. As such, investors and Shareholders are urged to exercise caution when dealing in the Shares.

DEFINITIONS

“associates”	has the meaning given to that term in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays or Sundays) on which banks are open for business in Hong Kong
“Company”	Jujiang Construction Group Co., Ltd. (巨匠建設集團股份有限公司), a joint stock company established in the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange (stock code: 1459)
“Completion”	Completion of the sale and purchase of the Equity Interest
“Completion Date”	the date on which the transactions contemplated under the Share Transfer Agreement is completed, which shall be the seventh (7th) Business Day after the date on which the conditions of the Share Transfer Agreement are satisfied or waived by the Company or such other date as the parties to the Share Transfer Agreement may agree
“Connected Person(s)”	has the meaning given to that term in the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Interest”	the entire equity interest in the Target Companies, free from all encumbrances and together with all rights attaching or accruing thereto and all dividends and distributions declared, made or paid on such shares or in respect of them on or after the Completion Date;
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	party who is not Connected Person(s) of the Company and who together with its ultimate beneficial owner are independent of the Company and of Connected Persons of the Company and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	the “percentage ratios” as defined in rule 14.07 of the Listing Rules
“PPP Project”	public-private partnership project
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Transfer Agreement”	the Share Transfer Agreement dated 13 November 2018 made among the Vendor and the Company as purchaser in respect of the sale and purchase of the Equity Interest
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Tongxiang City Youth Quality Education Practice Base Co., Ltd.*(桐鄉市青少年素質教育實踐基地有限責任公司), a company established under the laws of the PRC on 30 September 2015, and its entire share capital is held by the seller on the date of the Share Transfer Agreement.
“Vendor”	Tongxiang City Education and Culture Development and Investment Co. Limited *(桐鄉市教育文化發展投資有限公司)
“%”	per cent.

By order of the Board
Jujiang Construction Group Co., Ltd.
LYU YAONENG
Chairman

Zhejiang Province, the PRC, 13 November 2018

As at the date of this announcement, the executive directors are Mr. Lyu Yaoneng, Mr. Lyu Dazhong, Mr. Li Jinyan, Mr. Lu Zhicheng, Mr. Shen Haiquan and Mr. Zheng Gang, and the independent non-executive directors are Mr. Yu Jingxuan, Mr. Lin Tao, and Mr. Wong Kai Wai.

** for identification purposes only*